

Message Text

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ACTION EUR-12

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E.O. 11652: N/A
TAGE: US, CZ, CASC, SOPN
SUBJECT: EXEMPTION FROM DISTRICT AND FEDERAL INCOME TAXES
FOR RUDE PRAVO CORRESPONDENT

REF: STATE 96189

1. AT PRESENT AGENCE FRANCE PRESS AND WEST GERMAN RADIO AND TELEVISION ARE THE ONLY WESTERN NEWS AGENCIES MAINTAINING CORRESPONDENTS IN CZECHOSLOVAKIA. ACCORDING TO AFP CORRESPONDENT HE MUST PAY CZECHOSLOVAK TAXES IF HE MAINTAINS A RESIDENCE IN THE COUNTRY FOR 185 DAYS OF ANY CALENDAR YEAR. THE AFP CORRESPONDENT DOES NOT PAY TAXES IN FRANCE.

2. THE WEST GERMAN RADIO/TELEVISION REPRESENTATIVE SAYS HE DOES NOT PAY TAXES IN GERMANY OR CZECHOSLOVAKIA. HE IS A RELATIVELY RECENT ARRIVAL, HOWEVER, AND MAY FIND HIMSELF SOCKED WITH A LARGE TAX BILL AT THE END OF THE YEAR, BASED ON THE 185 DAY RESIDENCE RULE.

3. THE CORRESPONDENT WHICH REUTERS MAINTAINED IN PRAGUE UNTIL LAST YEAR WAS ALSO REQUIRED TO PAY LOCAL TAXES.

4. THE FRG AND UK ARE CURRENTLY NEGOTIATING DOUBLE TAXATION AGREEMENTS WITH THE GOC. THEIR EMBASSIES HERE DO
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NOT KNOW EXACTLY HOW THESE WILL AFFECT JOURNALISTS, BUT EXPECT THEY WILL PROBABLY SERVE THE SAME FUNCION AS THE CZECHOSLOVAK-FRENCH DOUBLE TAXATION AGREEMENT CURRENTLY IN FORCE; I.E., TO PROTECT JOURNALISTS FROM HAVING TO PAY TAXES IN BOTH CSSR AND THEIR RESPECTIVE HOME COUNTRIES.

5. WHILE THE GOC HAS DEMONSTRATED SOME FLEXIBILITY ON THE

ISSUE OF VISAS AND ACCREDITATION FOR U.S. JOURNALISTS,
THERE ARE ENOUGH NEGATIVE ACTIONS AGAINST SELECTED INDIVIDUALS
--THE EXPULSION OF AP CORRESPONDENT REED AND THE REFUSAL OF
A VISA FOR MOSCOW-BASED HAL PIPER TO CITE TWO EXAMPLES--TO
GIVE US PAUSE BEFORE SUPPORTING A CONCESSION FROM WHICH ONLY
THE CZECHOSLOVAKS STAND TO BENEFIT IN THE SHORT TERM AND
PERHAPS OVER THE LONG TERM AS WELL.

6. THERE IS ALSO THE PROSPECT OF FURTHER COMPLICATIONS
SHOULD ANOTHER CORRESPONDENTS (E.G., CTK) REQUEST SIMILAR
TREATMENT, CITING RUDE PRAVO CASE AS PRECEDENT.

7. GIVEN ABOVE DRAWBACKS, SUGGEST THAT THE MATTER BE QUIETLY
SHELVED FOR THE TIME BEING.

8. WHAT IS POLICY TOWARD OTHER WP CORRESPONDENTS IN U.S.,
SUCH AS FOR SOVIET PRAVDA AND IZVESTIA?
BYRNE

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